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10 CFR 50.4

October 29, 2004

U. S. Nuclear Regulatory Commission
Attn.: Document Control Desk
Washington, DC 20555-0001

Peach Bottom Atomic Power Station, Units 2 and 3
Facility Operating License Nos. DPR-44 and DPR-56
NRC Docket Nos. 50-277 and 50-278

Subject: Response to Substantive Cross-Cutting Issue concerning Problem Identification & Resolution

Reference: NRC Mid-Cycle Performance Review and Inspection Plan – Peach Bottom Atomic Power Station, dated 8/30/04

In the referenced letter, you noted a substantive cross-cutting issue in the area of Problem Identification & Resolution (PI+R). This issue was based on several inspection findings in which corrective actions for known equipment problems were either insufficient or delayed in implementation.

We are aware and acknowledge PI+R as a concern at the station. Several longer-term actions have already been initiated to resolve this concern. These actions were taken as a result of previous internally and externally identified issues with PI+R at PBAPS. The following actions have been taken to upgrade the PI+R process at PBAPS:

- An enhanced program was developed and implemented in August 2004 to ensure that adequate technical rigor is applied when performing engineering reviews. This is providing additional assurance that issues are more thoroughly reviewed and acted upon in a timely manner.
- Reinforcement of the Exelon Operational Technical Decision-Making Process was completed in June 2004. This has resulted in heightened station sensitivity to the operational consequences of key technical decisions being made at the station.

While the actions noted above serve to address the events cited in the 8/30/04 NRC Mid-Cycle Assessment letter and will provide overall improvements in the PI+R area, station management determined that a thorough root cause evaluation needed to be performed. This evaluation provided assurance that the underlying reasons were understood for insufficient or delayed corrective actions for known equipment problems. This root cause examined several events including the NRC identified findings discussed in the 3/3/04 annual assessment letter and the 8/30/04 mid-cycle assessment letter. The root cause investigation determined that the underlying causes included:

- Not adhering to all Exelon expectations due to inadequate management enforcement of the existing expectations. These expectations include technical rigor, intolerance for unexpected equipment failures and assertive engineering.
- Inadequate management prioritization and consideration of potential outcomes of delayed or cancelled actions.
- Inadequate technical task performance due to less than adequate technical rigor.
- Inadequate review and incorporation of equipment vendor manual and operating experience into station documents.

Corrective actions planned to resolve the above underlying causes include the following:

- The Site Vice President will systematically reinforce leadership expectations to ensure the proper resolution of problems and implementation of timely corrective actions including ensuring effective management oversight of the implementation of corrective actions.
- Management reinforcement to appropriate personnel involved with equipment reliability that human performance standards must be strictly adhered to and that outstanding system risks are effectively communicated.
- The implementation of a new Exelon standard procedure HU-AA-102, Technical Human Performance Practices. This document describes and promotes technical human performance and error prevention tools used to promote safe, error-free operation and prevent events from occurring.
- A sample review of appropriate vendor manual, external operating experience, and previous plant internal experience will be conducted to identify further improvements to plant documents and practices that support equipment reliability.

In accordance with NEI 99-04, the regulatory commitment contained in this correspondence is to assure compliance with the regulations. The specific methods that are planned to maintain compliance are discussed above.

We are committed to continued improvement at the PBAPS site. If you have any questions, please feel free to contact me.



Robert C. Braun
Site Vice President
Peach Bottom Atomic Power Station

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CCN: 04-14083